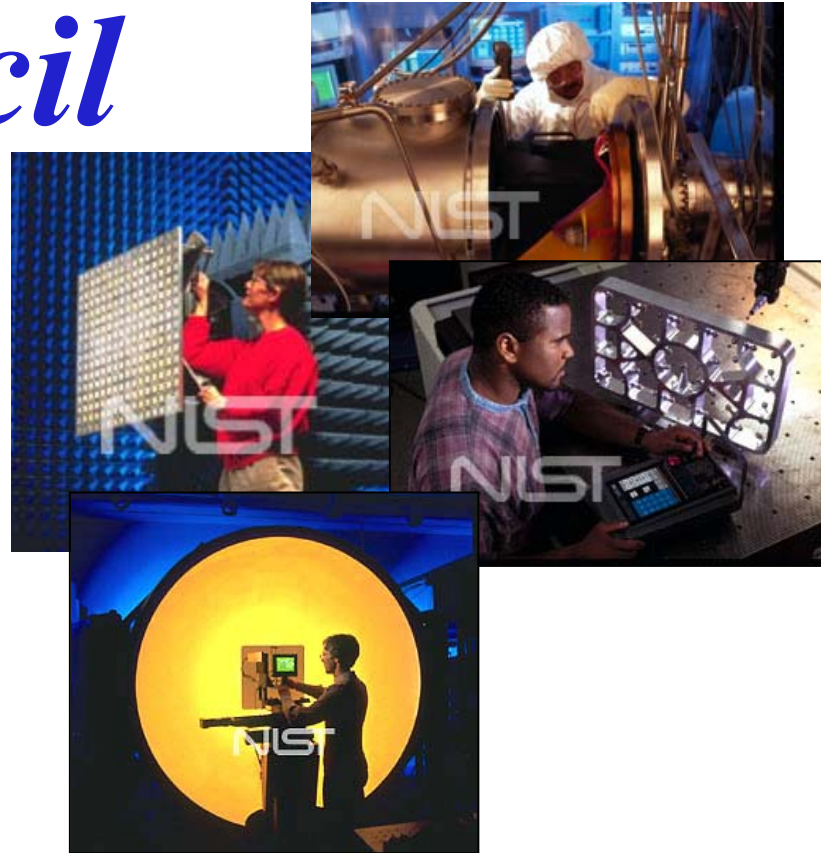


People Council Update

*Visiting Committee Meeting
Harry Hertz, Chair
NIST People Council*

December 9, 2003



Presentation Outline

Status Reports on

- **The People Council**
- **NIST Long-term HR Strategy**
- **NIST Diversity Strategic Plan**
- **Leadership Development Program**
- **Pay for Performance System**

People Council History

- **Formed as a committee of the SMB**
- **Reports to the SMB**
- **Assigned policy issues relating to NIST People**
- **Has authority to explore policy issues relating to NIST People**
- **“Oversees” leadership and management development program**

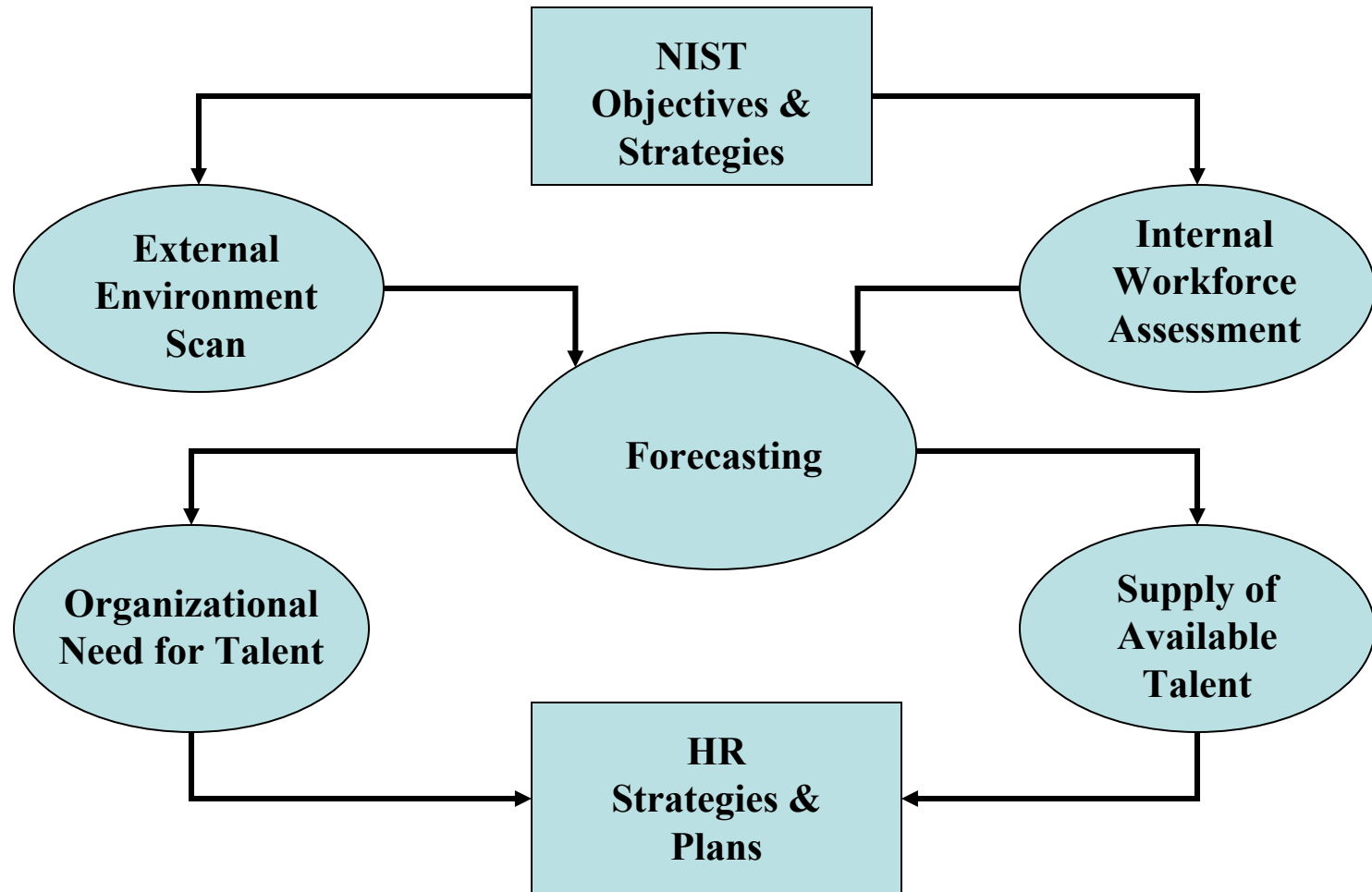
People Council Membership

- **Chaired by SMB member**
- **Includes**
 - **people from all levels of NIST**
 - **labs and extramural programs**
 - **Boulder and Gaithersburg**
 - **representation from HRMD, CRO/EEO, RAC**

People Council Operation

- **Uses task forces that include non-People Council staff**
- **Uses open processes, dialogue, focus groups**
- **Uses outside benchmarking**
- **Uses iterative SMB (and staff) input on policy issues, before final recommendations**

The HR Planning Process



NIST Long-term HR Strategy

Process

- **Review existing HR-related reports and plans spanning the past 10 years**
- **Summarize findings and prepare a draft report identifying**
 - **major internal and external influences on NIST HR issues for next ~10-20 years**
 - **NIST goals for HR in response to findings**

Discovery Process

Reviewed the following NIST Reports:

- **African American Report of 1993**
- **Women's Report of 1993**
- **Leadership and Management Task Force Reports to E Board (1998-1999)**
- **Report of Salary Progression at NIST (2001)**
- **People SFA Report of 2002**
- **Report from the 2002 Employee Survey**

Reviewed other Reports on Department of Commerce and government HR topics

Coping with the Changing Nature of the NIST Work Force

- **Potential for less permanent staff with a substantial number of contract, term, and temporary employees**
- **Change in demographics**
- **People have differing expectations**

Preliminary Findings

- **Need better training for NIST leadership (Division Chiefs and above) with respect to leadership, management and work life issues**
- **Need visible commitment to increase diversity by senior leadership**
- **Need to address underrepresentation**
- **Need to utilize fully the talents, competencies and experiences of staff**

Preliminary Recommendations to Ensure Fairness

- **Conduct an open recruitment process for vacancies**
- **Improve the Performance Management System**
- **Adopt a fair and transparent process for developmental opportunities**

The NIST Diversity Strategic Plan

The NIST Diversity Strategic Plan

Goal

**Pre-eminent performance through
diversity**

Motivation

- **Capitalize on diverse ideas and cultures**
- **Changing demographics of the workforce**
- **Customers and stakeholder
communications and understanding**

The NIST Diversity Strategic Plan Plan Development Process

- **Prepare initial draft**
- **Vetted with focus groups at NIST**
 - **NIST Committee for Women, NIST Committee for African-American Staff, Association for NIST Hispanic Americans, Association for NIST Asian-Pacific Americans**
- **Discussed with NIST organizations**
 - **Diversity Advisory Board, Equal Opportunity Employment/Civil Rights Office, Diversity Program Office, Office of Academic Affairs**

The NIST Diversity Strategic Plan Objectives

Objective 1. Increased awareness of diversity values and sensitivities by NIST Senior Management, managers, and staff

Objective 2. Retention of existing diversity and work-life enhancement

Objective 3. Active promotion of outreach and creation of a visible network of connections or routes to NIST

Objective 4. Recruitment and workforce planning for enhanced diversity

***Objective 1. Increased Awareness of Diversity Values
and Sensitivities by NIST Senior Management,
Managers, and Staff
Strategy Candidates***

- **Formal training including courses in sensitivity/awareness, interpersonal skills, communications, perceptual differences**
- **Coordinated publicity/newsletters about diversity**
- **Diversity Advisory Board (DAB) to function like the Research Advisory Committee to advise the NIST Director and senior management**
- **OU management encourages and participates in formal training, special emphasis groups and events, and enhanced diversity awareness**
- **EEO/CRO/Diversity Program Office to act as a resource and clearing house**

Objective 2. Retention of Existing Diversity and Work-life Enhancement Strategy Candidates

- Zero tolerance for discrimination
- Staff and managers at all levels held accountable
- Supportive mentoring program
- Skill enhancement for staff with work-success issues
- Active promotion of career planning for all staff
- Staff training and education for advancement and succession planning
- Employee-friendly workplace initiatives supported at all levels
- Exit interviews, focus groups, and skip level meetings to determine/improve work life quality
- Openness and transparency in management decisions -- increased staff participation

Objective 3. Active promotion of Outreach and Creation of a Visible Network of Connections or Routes to NIST Strategy Candidates

- **Partnering with organizations serving under-represented groups (HBCUs, SEA, etc.)**
- **Support of science and engineering events, especially in diverse or underprivileged areas**
- **Participation in DoC internship, SURF, PREP, and other programs**
- **Teaming and coordination across NIST on outreach activities**
- **Partnering with other agencies on outreach**
- **Targeted outreach to diverse customers**

Objective 4. Recruitment and Workforce Planning for Enhanced Diversity Strategy Candidates

- **Wide advertisement of positions, both management and staff**
- **Development of partnerships with external organizations to enhance recruitment in strategic competencies and skill areas**
- **Coordination of recruitment trips and efforts across NIST**
- **Better communication and knowledge across NIST of recruitment needs and available candidate**
- **Judicious use of direct hires**
- **Use of diverse teams to make hiring recommendations**

The NIST Commitment

- The leadership for implementing the Plan lies with the NIST Director and the OU Directors (senior management.)
- The Director's Office will take responsibility for assuring that strategies are carried out.
- Each OU Director will address each objective by selecting those strategies that best fit their individual OU.
- OU Directors will share best practices and collaborate on common projects.

FY 2004 Tasks

- **Develop and report on diversity metrics at mid-year and end-of-year to Senior Management Board and at NIST town meetings**
- **Benchmark comparable scientific institutions and set goals**
- **Explore feasibility of a prospective economic impact study on “Diversity at NIST – Productivity and Customer Interactions”; possibly broaden study to other scientific institutions**

Leadership Development Program Update

Major Initiatives

- **Core Leadership Competencies**
 - Essential knowledge, skills and abilities and developmental options
 - Framework for leadership curriculum and personal development planning
- **Organizational Leader Program (OLP)**
 - Addresses skills/needs of current NIST leaders
 - Examples—managing change, strategic thinking, dealing with the external environment, coaching
- **Next Generation Program**
 - Succession Management
 - Builds a candidate pool of future leaders
- **New Leader Program**

New Leader Program

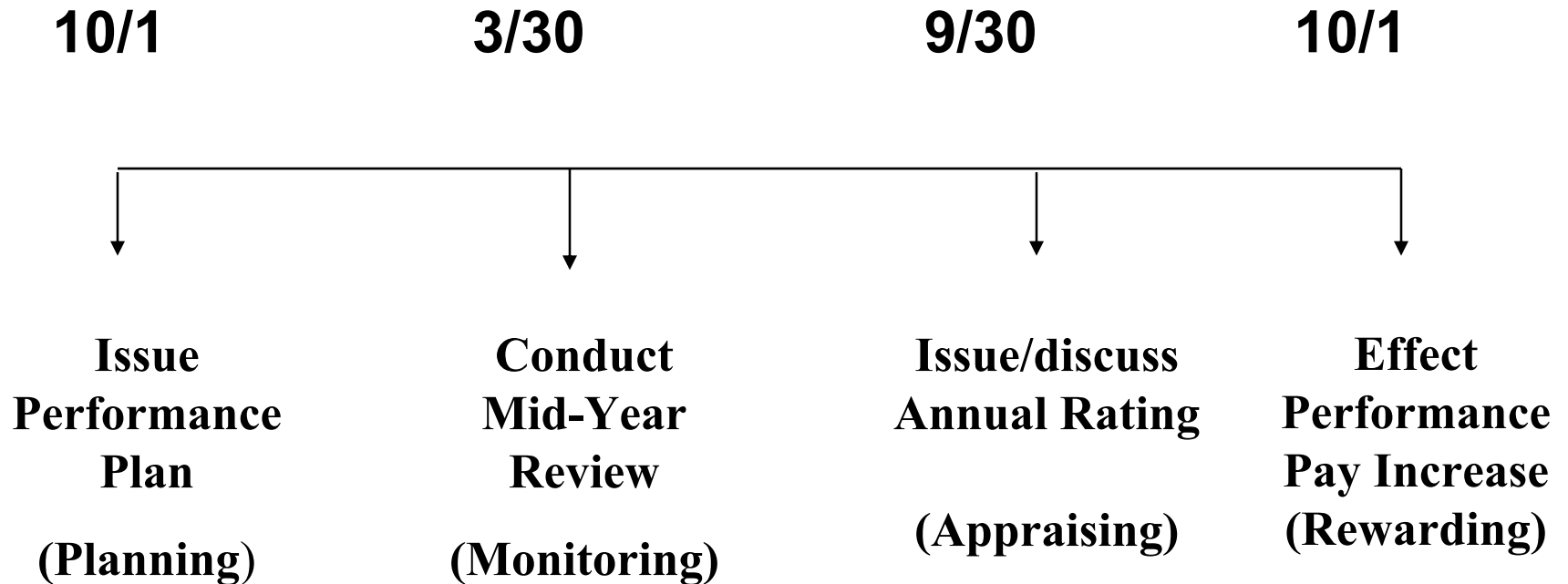
- **One year program**
- **Three major components**
 - **New Leaders Course**
 - 19 New group and project leaders
 - Basic leadership skills
 - Initial offering September 14-19, 2003
 - **Cohort Seminars**
 - 3 Groups of 6-7 leaders
 - Monthly meetings
 - Reinforce leadership concepts/provide additional learning
 - **Coaching**
 - One-on-one support
 - Focus on goal setting and problem solving

Pay for Performance System

Purpose

- **Establish a link between performance results and pay**
- **Motivate and retain staff by rewarding top performers**
- **Improve hiring and allow NIST to compete more effectively for highly talented researchers**
- **Strengthen managers' role in managing human resources**
- **Increase organizational effectiveness and the efficiency of human resource systems**

Annual Performance Rating Cycle



Pay for Performance System

- **Employees are grouped in pay pools**
- **Pool managers decide pay increases and bonuses**
- **Annual pay pool allocations are based on aggregate salaries of employees eligible for an increase, based on a formula indexed to the GS system**
- **Actual pay increases and bonus \$ come from OU budgets**
- **Performance cycle results are published on the NIST internal Web and available to all staff**

Scoring and Ranking

- **Employees scoring between 40 and 100 are rated eligible and may receive a salary increase and bonus**
- **Employees scoring below 40 are rated unsatisfactory and not eligible for performance pay**
- **Eligible employees are rank ordered within pay pools according to their scores**
- **Employees scoring in the top 10 percent of the pool receive 10 additional years for RIF retention**

Performance and Pay

Performance Pay Increase

- **Percent of increase is based on rank in the pool and salary level in the pay band**
- **Within a band, lower salaried employees may receive higher percent-of-salary increases than higher salaried employees**
- **However, employees may not receive higher “percent of percent” increase than higher scoring employees in the same pool**
- **Salary-capped employees cannot receive an increase**

Performance and Pay

Bonus

- One time, lump sum payment to reward specific contributions
- Granted at the pool managers' discretion to any employee rated eligible

Annual Comparability Increase (COLA)

- Full comparability increase for employees rated eligible
- No increase for employees rated unsatisfactory

Selected Reported Effects

- **NIST is more competitive for talent**
- **NIST retained more top performers than the comparison group**
- **Managers reported significantly increased authority over employee pay**
- **Managers reported feeling less constrained by personnel regulations than other federal managers**

Source: Office of Personnel Management, *Summative Evaluation Report National Institute of Standards and Technology Demonstration Project: 1988-1995* (Washington, D.C.: June 1997)

Areas of Concern

- **The process tends to be overly complex**
 - **Method of scoring and determining pay increases is difficult to understand**
 - **Rankings magnify miniscule differences in performance among employees and encourage competition**
- **Linkage between performance ratings and payouts needs to be clarified and strengthened**
 - **Within-OU and between OU payout variations among employees with the same score feed the perception that the process is arbitrary and unfair**
 - **High performing pay-capped employees perceive they are unequally treated**

Proposed Enhancements

- **Replace scoring and ranking with a few (6) bins to reduce complexity and increase transparency**
- **Link performance pay increases to the top 3 bins to reduce variations and increase internal equity**
 - **A unit of salary increase (I) is a percentage of the salary mid-point of each pay band, e.g., 1.2% of PB 3 mid-point salary**
 - **Bins 1 and 2 receive multiples of I; bin 3 receives a single I**
- **Place comparability increase (COLA) at risk for low performers (half ACI for bin 5 and no ACI for bin 6)**

Next Steps

- **Work out more details**
- **Present to NIST Senior Management Board and Staff**
- **Invite feedback**
- **Get approvals for desired revision to our system**
- **Implement changes in 2005**

Summary

- **People Council has been active**
- **NIST has adopted Diversity Strategic Plan**
 - **Implementation plan in process**
- **Leadership and Management Development Program growing**
- **Pay for Performance system revisions ready for broad review**
- **Long-term HR strategy development underway**

Summary of Current and Proposed Plans

Rating	Mandatory Payout		COLA	
6 bin	Current	6 bin	Current	6 bin
Exceptional Contributor	0	5 I	Full	Full
Significant Contributor		3 I		
Successful Contributor		I		
Contributor		0		
Needs Improvement				
Unsatisfactory				
				0